



## OFFICE OF GOVERNOR MARK DAYTON

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# New Investments in Affordable Housing

## Bringing Affordable Housing to Greater Minnesota

**Business expansion efforts are sometimes hampered by a lack of available housing, particularly in Greater Minnesota. That is why Governor Dayton's budget invests \$10 million in the Housing and Job Growth initiative to respond to critical housing shortages in areas where businesses need more housing for additional workers so they can grow and expand.**

### **Affordable Housing is a Crucial Link for Job Creation**

Thief River Falls, Roseau, Worthington, and Jackson are just a few communities where major employers are poised to expand, but a lack of affordable housing for the local workforce is standing in the way. These communities have developed housing plans for their areas, but need a state partner to put those plans into action.

The Governor's Housing and Job Growth budget initiative will provide \$10 million through the Minnesota Housing Finance Agency's (MHFA) Economic Development and Housing Challenge initiative to help communities and employers address this issue. MHFA will work with the Minnesota Department of Employment and Economic Development (DEED) to identify top job growth areas and promote the initiative with employers.

» **What is the Challenge Fund?** The Challenge Fund initiative was established to encourage public-private partnerships to increase the supply of affordable housing for local workforces. As the name "Challenge" implies, at least 50% of the initiative's funding must be used on projects with a contribution from non-state resources.

» **Now is the Time to Invest.** During the last period of economic growth, the Challenge Fund leveraged more than \$15 million in non-state resources from a number of Minnesota employers including the Mayo Clinic, Schwann's Foods and Blue Fin Bay Resort. As the economy entered the recession, employer contributions slowed to a trickle. With the economy and employer interest rebounding, now is a perfect time to restore the Challenge Fund to previous funding levels.

» **This Program Works.** Studies have shown that employee retention and performance have improved through employer-assisted housing programs.

» **A Long-Term Investment.** Funding through this initiative would be made available generally as an interest-free deferred loan, repayable in 30 years. Awardees would be required to maintain the affordability of the assisted housing for the term of the loan.